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INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHBO/AMEMBASSY BOGOTA PRIORITY 2384
RUEAIIA/CIA WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
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C O N F I D E N T I A L PANAMA 001532

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TAGS: [EFIN](#) [ECON](#) [PGOV](#) [SNAR](#) [PM](#)
SUBJECT: TORRIJOS PICKS EX-CHASE MANHATTAN GM AS NEW BANK
SUPERINTENDENT; STILL TAKES HEAT FOR UNTIMELY CHANGE

REF: PANAMA 1477 AND PREVIOUS

Classified By: DCM Luis Arreaga - Reasons 1.5 (b and d)

¶1. (C) Summary. On August 7, President Torrijos appointed Olegario "Gary" Barrelier as Panama's new Bank Superintendent. Barrelier is a well-respected, albeit elderly, banker. He replaces Delia Cardenas, whom Torrijos had forced to resign two years before her second (and final) term was due to expire (reftel). Widely voiced concerns about the Superintendency's independence (triggered by the Ambassador's July 28 comments), apparently thwarted designs that Torrijos may have had to name a political loyalist to the job. Despite their praise for Barrelier, business leaders and political opponents harshly criticized Torrijos' ouster of Cardenas. Post will watch closely to see whether Barrelier follows Cardenas' model of independence and/or whether he ends up being only a temporary placeholder. End summary.

Barrelier: The "Best Pick Possible" or an Old Re-Tread?

¶2. (C) Cardenas' deputy, Amauri Castillo, told Econ Chief Aug. 7 that Torrijos' pick of Barrelier came as a relief to Cardenas and other Superintendency staff. They had feared Torrijos would choose a PRD loyalist or some other politico that would weaken the institution's independence. Castillo said that Torrijos likely avoided a more "political" nominee as a result of widespread concerns triggered by the Ambassador's July 28 comments about Cardenas' solid reputation and the importance of independent regulators. (Note: In the week following the Ambassador's widely publicized comments, a number of banking and business leaders voiced similar concerns, as did various political opponents, including former President Guillermo Endara, who said that forcing Cardenas' resignation was "Torrijos' worst error" since taking office. End note.)

¶3. (C) Banco General patriarch Federico Humbert told Econ Chief Aug. 7 that Barrelier is an "excellent, honorable person" and that he was the "best pick possible" among the various names that had surfaced in recent press speculation. Former Comptroller General and a former Chase Manhattan executive, Ruben "Chinchorro" Carles, offered similar praise for Barrelier in a conversation with Pol Assistant, adding that the Ambassador had done the right thing in making it difficult for Torrijos to put a political crony in the job. Conversely, local ScotiaBank chief Terry McCoy complained to the DCM on Aug. 7 that Torrijos' pick of Barrelier is merely aggravates his bad move to dump Cardenas, given Barrelier's age (70-something) and the fact that he's been largely out of

the banking industry for several years.

Cardenas Contradicts Torrijos; Endara Calls Him a "Liar"

14. (SBU) In confirming her resignation publicly on Aug. 7, Cardenas said that she was pleased to be replaced by Barrelier, as he is "very honest and knows the banking sector." But she also maintained her independence to the end, as she also contradicted Torrijos' earlier claim that he was merely accepting her "voluntary" resignation because she wanted to return to the private sector. She made clear that her resignation came under duress and that Torrijos had approached her last May to seek her resignation ostensibly because he wanted to "reorganize" supervision of Panama's financial sector. This prompted Endara to call Torrijos a "first class liar" who should be "ashamed" for his ouster of Cardenas. Several business leaders leavened their praise for Barrelier with continued criticism of Torrijos' effort to push Cardenas aside.

Comment: Torrijos Salvages Cardenas' Untimely Ouster

15. (C) Apparently thwarted from naming a political loyalist to the job, Torrijos at least named a well-regarded, albeit elderly, technocrat to oversee the region's most significant banking center. We nonetheless remain troubled by the fact that he pushed out Cardenas for little apparent cause, as well as the move's poor timing (i.e., just as the Rayo Montano drug case might implicate powerful banking interests). Cardenas' independence and even-handed bank supervision was key to getting Panama removed from various "blacklists" as a fiscal paradise. Post will watch closely to see whether Barrelier follows her model of robust oversight and/or whether, given his age, he ends up being only a temporary placeholder. End comment.

Bio Sketch - Olegario "Gary" Barrelier Chiari

16. (U) Gary Barrelier is believed to be in his mid-70s. A Texas A&M grad in Agricultural Engineering, Barrelier also earned a Master's in Irrigation Engineering. In April 2001, the Bank Superintendent chose Barrelier to oversee the intervention and liquidation of Banco Disa, S.A. He previously served as General Manager of Chase Manhattan Bank in Panama (1989-2000), as President of the Private Sector Council for Educational Assistance (1999-2000), Advisor for the National Policy Against Money Laundering (1996-98), and Advisor to the National Security Council for the Creation of the Financial Analysis Unit (1996). He served during the 1990s on the Presidential Commission for the drafting of Panama's new Banking Law and as a Principal Member of National Banking Commission and the National Housing Commission. He has also held prior executive positions in banking and paper manufacturing. As President of the Panamanian Banking Association (1994) and officer with the Panama-U.S. Business Council (1993), Barrelier was a regular at Embassy functions.

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